

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 951 – HB 1132

March 29, 2017

SUMMARY OF ORIGINAL BILL: Requires any water and wastewater treatment authority to be reviewed by the Joint Evaluation Committee (JEC) if such authority has one or more loans from the revolving loan funds, with an aggregated principle balance for all funds totaling more than \$15,500,000 on or after the effective date of the Act.

Requires JEC to report its conclusions and recommended actions to the General Assembly by January 31, 2018, and each January 31 every four years thereafter, until such authority's aggregated principal loan balance is below \$15,500,000. Requires the authority, government entities, and any department or agency of state government to provide the JEC with any information or assistance in carrying out its responsibilities.

Requires the Comptroller of the Treasury (COT) to conduct program review audits upon the request of the JEC. Requires the county mayor of the authority impacted by the \$15,500,000 threshold that were in existence as of January 31, 2017, to submit a status report on measures currently underway to resolve the financial, technical, managerial, and organizational challenges faced by such authority to the JEC no later than July 1, 2017.

Eliminates the sunset provision for the Hamilton County Water and Wastewater Treatment Authority (HCWWTA), under the Water and Wastewater Treatment Authority Act that was to be effective July 1, 2021.

FISCAL IMPACT OF ORIGINAL BILL:

Local Expenditures – Cost Avoidance – Exceeds \$10,000/FY21-22

SUMMARY OF AMENDMENT (006475): Deletes all language after the enacting clause. Eliminates the sunset provision of HCWWTA, pursuant to the Water and Wastewater Treatment Authority Act, which was to be effective July 1, 2021.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

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Assumptions for the bill as amended:

- The proposed legislation eliminates a sunset provision for the HCWWTA that was to be effective July 1, 2021, which would have impacted municipalities in Hamilton County that use the HCWWTA. It is unknown how significant the impact would have been once the sunset of HCWWTA occurred because it is unknown who would have provided sewer services, terms of any new service provider contract, if the provider would have the necessary equipment to provide the service, and whether the new entity would have absorbed the debts of the HCWWTA.
- However, it is reasonably estimated that a one-time mandatory increase in local expenditures would have exceeded \$10,000 and would have been incurred during the transition from the current HCWWTA to a new provider; such one-time local expenditures are assumed to have occurred in FY21-22; therefore, it is reasonably estimated that there will be a one-time cost avoidance for the local government estimated to exceed \$10,000 in FY21-22.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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